IN THE HIGH COURT OF JUDICATURE AT BOMBAY

O. O. C. J.

COMPANY PETITION NO.757 OF 2006

In the matter of Reduction of Share Capital Account of Mecklai Financial & Commercial Services Ltd.

Mecklai Financial & Commercial Services Ltd. ..Petitioner.

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Ms. Asha Bamkani & Mahesh Shah & Co. for the Petitioner.
Mr. C.J. Joy for the Regional Director.
Ms. K.V. Gautam, Dy. Official Liquidator present.

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CORAM: **DR. D.Y. CHANDRACHUD, J.**

16th March, 2007.

P.C. :

1. The Company Petition before the Court is for the reduction of the share capital. In the Petition it has been stated that the audited balance-sheet as of 31st March, 2006 shows an accumulated loss of Rs.8,68,38,290/-. The company proposes to utilize the balance of the amount standing to the credit of the Share Premium Account in reducing the debit in the Profit & Loss Account by transfer of an amount of Rs.8,68,38,290/- to the Profit & Loss Account. In the Petition it has been averred that the reduction will

not cause any prejudice to the interests of the creditors.

2. The Board of Directors agreed in the 11th Annual General Meeting of the Company on 28th July, 2006 for considering and approving a special resolution. The resolution was passed in the meeting on 28th July, 2006. The equity shareholders had in the meeting held on 28th July, 2006 unanimously passed a resolution effecting the reduction by setting off the debit balance in the Profit & Loss Account against the Share Premium Account. The proposed reduction in the share capital, it has been stated, does not involve any financial outlay on the part of the Petitioner.

3. The Petition has been duly advertised in pursuance of the order dated 8th December, 2006. In the circumstances, there is no reason why the prayer for reduction in the share capital as sought should not be granted. The Petition is accordingly made absolute in terms of prayer clause (a).